of Statements on Review ("Corrected Order"). The Petitioners represent that the motion is unopposed by the Options Clearing Corporation ("OCC"). The Petitioners also represent that they have entered into a confidentiality agreement with OCC on November 1, 2017 to obtain access to the confidential filings that OCC submitted to the Commission on October 13, 2017 to support OCC's proposed rule change. The Petitioners request an extension of time so that they may review these confidential materials and provide the Commission with informal and deliberate comments. The Petitioners further represent that extending the time for comment would allow them the same amount of time, thirty days, to review the materials as was contemplated by the Corrected Order. Given the unopposed nature of the request and the surrounding facts regarding this matter, the Commission believes that granting the extension will serve the interests of justice.

Accordingly, it is ordered, that the Unopposed Motion to Substitute Virtu Financial Inc. and Virtu Americas LLC for Petitioner KCG Holdings, Inc. is hereby granted; and

It is further ordered, that the Unopposed Motion for Extension of Time is hereby granted. The time for any party or other person to file any additional statement, which may include statements previously submitted or otherwise available, or any new information such party or other person considers relevant, is extended from November 13, 2017 to November 30, 2017.

By the Commission.
Brent J. Fields, Secretary.

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Modify Its Fees for Physical Ports

November 13, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 1 and Rule 19b–4 thereunder, notice is hereby given that on November 7, 2017, Cboe EDGA Exchange, Inc. (the "Exchange" or "EDGA") (formerly known as Bats EDGA Exchange, Inc.) filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act 2 and Rule 19b–4(f)(2) thereunder, 3 which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange filed a proposal to amend the fee schedule applicable to Members 4 and non-Members of the Exchange pursuant to EDGA Rules 15.1(a) and (c). The text of the proposed rule change is available at the Exchange’s Web site at www.markets.cboe.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

(A) Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

A physical port is utilized by a Member or non-Member to connect to the Exchange at the data centers where the Exchange’s servers are located. The Exchange currently maintains a presence in two third-party data centers: (i) The primary data center where the Exchange’s business is primarily conducted on a daily basis, and (ii) a secondary data center, which is predominantly maintained for business continuity purposes. The Exchange currently assesses the following physical connectivity fees for Members and non-Members on a monthly basis: $2,000 per physical port that connects to the System 5 via a gigabyte circuit; and $6,000 per physical port that connects to the System via 10 gigabyte circuit. The Exchange proposes to increase the fee per physical port that connects to the System via a 10 gigabyte circuit from $6,000 per month to $7,000 per month in order to cover its increased infrastructure costs associated with establishing physical ports to connect to the Exchange’s Systems and enable it to continue to maintain and improve its market technology and services. 6 The Exchange does not propose to amend the fee for a 1 gigabyte circuit, which will remain $2,000 per month. The Exchange proposes to implement this amendment to its fee schedule on January 2, 2018.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act, 7 in general, and furthers the objectives of Section 6(b)(4), 8 in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rate is equitable and non-discriminatory in that it applies uniformly to all Members. Members and non-Members will continue to choose whether they want more than one physical port and choose the method of connecting to its server. The Exchange provides for a highly-competitive market in which members and non-members are consolidated for ranking, execution, and when applicable, routing away. 9 See Exchange Rule 1.5(c).

Note: The term “System” is defined as “the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.” See Exchange Rule 1.5(c).

7 The Commission also proposes a minor technical amendment to change the title of the first column from “Connection Service Type” to “Service”.
connectivity based on their specific needs. All Members that voluntarily select various service options will be charged the same amount for the same services. As is true of all physical connectivity, all Members and non-Members have the option to select any connectivity option, and there is no differentiation with regard to the fees charged for the service.

The Exchange believes that the proposal represents an equitable allocation of reasonable dues, fees, and other charges as its fees for physical connectivity are reasonably constrained by competitive alternatives. If a particular exchange charges excessive fees for connectivity, affected Members and non-Members may opt to terminate their connectivity arrangements with that exchange, and adopt a possible range of alternative strategies, including routing to the applicable exchange through another participant or market center or taking that exchange’s data indirectly. Accordingly, if the Exchange charges excessive fees, it would stand to lose not only connectivity revenues but also revenues associated with the execution of orders routed to it, and, to the extent applicable, market data revenues. The Exchange believes that this competitive dynamic imposes powerful restraints on the ability of any exchange to charge unreasonable fees for connectivity.

Furthermore, the proposed rule change is also an equitable allocation of reasonable dues, fees, and other charges as the Exchange believes that the increased fees obtained will enable it to cover its increased infrastructure costs associated with establishing physical ports to connect to the Exchange’s Systems. The additional revenue from the increased fee will also enable the Exchange to continue to maintain and improve its market technology and services.

Lastly, the Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members. For instance, the proposed fees for a 10 gigabyte circuit of $7,000 per month is less than analogous fees charged by the Nasdaq Stock Market LLC (“Nasdaq”) and NYSE Arca, Inc. (“Arca”), which range from $10,000–$15,000 per month for 10 gigabyte circuits.10

(B) Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. As discussed above, the Exchange believes that fees for connectivity are constrained by the robust competition for order flow among exchanges and non-exchange markets. The Exchange does not believe that the proposed changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange’s competitors. Additionally, Members may opt to disfavor the Exchange’s pricing if they believe that alternatives offer them better value. Further, excessive fees for connectivity would serve to impair an exchange’s ability to compete for order flow rather than burdening competition.

(C) Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act 11 and paragraph (f) of Rule 19b–4 thereunder.12 At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

• Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml);

Paper Comments

• Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090. All submissions should refer to File No. SR–BatsEDGA–2017–30. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s Internet Web site (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission’s Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR–BatsEDGA–2017–30 and should be submitted on or before December 8, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.13

Eduardo A. Aleman,
Assistant Secretary.

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